



FAIR WORK
COMMISSION

15 December 2013

Mr Dave Noonan
Divisional Secretary, Construction and General Division
Construction, Forestry, Mining and Energy Union
PO Box Q235, Queen Victoria Building Post Office
SYDNEY NSW 1230

Dear Mr Noonan

Re: Lodgement of Financial Accounts and Statements – Construction, Forestry, mining and Energy Union, Construction and General Division - for year ending 31 December 2012 (FR2012/537)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 28 June 2013. I have filed the documents.

I identified several respects where the report did not reflect the intent of the relevant legislative provision and I clarify these in the first table attached.

You will be aware that new Reporting Guidelines ('RGs') were issued by the General Manager on 26 June this year and will apply to the National Office's next financial report for the year ending 31 December 2013. They set out a number of additional requirements to those for previous years and I particularly draw your attention to the following:

Prescribed activity category statement(s)

A new requirement is that a statement must be included in the notes if any of the prescribed "activities" (i.e. transaction categories) did not occur during the reporting period. This requirement is set out in RGs 14, 16, 18, 20, 22, 24, 26 and 33, and I explain how it applies in the second table attached. A similar requirement in relation to non-disclosure of officers or employees holding positions as trustees of superannuation schemes or directors of other companies that are trustees of such schemes or directors of other companies is set out in RG 38. I expand on this in Table 2 attached.

Auditor declarations

The auditor's report will have to include a declaration that he has concluded the management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate, as required by RG 45 (i.e. where the going concern is used). The auditor will also have to include a declaration as set out in RG 44.

There is no further action required in respect of the report.

Yours sincerely

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

Table1 - particular requirements

Provision	What it says	Explanation/Clarification
S254(2)(a) RO Act 2009	“The operating report must contain a review of the reporting unit’s principal activities during the year, <i>the results of those activities</i> and any significant changes in the nature of those activities during the year”	<p>This is a commonly misinterpreted element of many operating report reviews, and it does not appear that FWC has previously or always clarified this.</p> <p>The results envisaged by the Act here are those which reflect the activities described under the heading “Principal activities” rather than a result expressed as profit or loss. There should be some indication that results have been reviewed.</p> <p>There is no prescribed degree of detail; a brief statement that the activities listed have achieved their objectives would suffice, (although the Branch may choose to individually identify any particular results it regards as significant.)</p>
Regulation 159(b)	<p>“The following information is prescribed: The number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time and part-time employees measured <u>on a full-time equivalent basis</u>”</p>	<p>This means that where the number of employees includes part-time employees they must be calculated and expressed as a full-time equivalent.</p> <p>Last year, the total number of employees happened to consist simply of 15 full-time employees, which did not need further expression. However this year the number included 1 part-time employee.</p>
Reporting Guideline (former) 25(e)(iv)	<p>“The committee of management statement must include declarations by the committee of management as to whether in the opinion of the committee of management that:</p> <p>.....</p> <p>(e)(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, <i>as far as is practicable</i>, in a consistent manner to each of the other reporting units of the organisation.”</p>	<p>The Committee of Management Statement did not contain this declaration. This has not been identified previously by FWC but the correct interpretation of this requirement has recently been clarified.</p> <p>The Guideline actually requires any reporting unit that is itself one of several reporting units within an organisation registered under the <i>Fair Work (Registered Organisations) Act 2009</i>, to declare that ‘as far as practicable’ it has kept its financial records in a consistent manner to each of the other reporting units within the organisation. The Division is one of several reporting units within the federally registered CFMEU, and the chief reporting unit within the Division and the declaration should contain a declaration in respect of this matter in future. Note that the level of consistency about which the declaration must treat is qualified somewhat by the phrase “as far as is practicable”.</p>

Table 2 - Explanatory Note - Statements as to non-occurrence or no information to be disclosed

<i>Where a statement to this effect is required</i>	<i>New RG references</i>
If the organisation's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit	RGs 10,14
If the organisation has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern	RGs 11,14
If the organisation has not acquired an asset or liability as a result of an amalgamation, restructure, or alternative reporting unit determination or revocation	RGs 12,14
If the organisation has not acquired assets or liabilities as part of a business combination	RGs 13,14
If the organisation has not received revenue from particular prescribed revenue (i.e. income actually received) categories	RGs 15,16
If the organisation has not paid out particular prescribed expense (i.e. amounts actually paid) categories	RGs 17,18
If the organisation does not have a receivable (i.e. expected revenue due) or payable (i.e. amount owing) relating to another reporting unit	RGs19,20
If the organisation does not have liabilities for particular prescribed liability categories	RGs 21,22
If the organisation does not have funds or accounts for compulsory levies raised or voluntary contributions collected, or does not have funds or accounts (other than the general fund) required by the rules, or has not made any transfers or withdrawals to special purpose funds or accounts (RG23);	RGs 23,24
If the organisation has not received a cash inflow from another reporting unit or made one to another reporting unit	RGs 25,26
If the organisation has not engaged in recovery of wage activity	RG 33
If none of the officers (i.e. members of the committee) or employees are trustees of superannuation entities or directors of any company that is a trustee of a superannuation scheme *	RGs36, 38
If none of the officers or employees are directors of any (other) company	RGs 37,38

Other explanatory notes

The prescribed categories/activities that did not occur or apply should be individually identified or it should be otherwise clear that only those categories/activities that occurred have been itemized. In future, it is acceptable to itemize all prescribed categories and record nil (zero) balances for those which did not occur during the period, in lieu of a separate statement(s). See the model Financial statements.

Note also that if two (or more) persons sign the Operating Report, each signatory must separately date the document.

From: KELLETT, Stephen
To: ["queries@fed.cfmeu.asn.au"](mailto:queries@fed.cfmeu.asn.au)
Subject: Attention Mr Dave Noonan - Financial report y/e 31 Dec 2012 - filing
Date: Sunday, 15 December 2013 12:10:00 PM
Attachments: [CFMEU BWIU FR2012 537 \(final\).pdf](#)

Dear Mr Noonan

Please see attached my letter in relation to the above.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

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EAST SYDNEY NSW 2011

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Construction, Forestry, Mining and Energy Union

(Construction and General Division)

FOR THE YEAR ENDED 31 DECEMBER, 2012

SECRETARY'S CERTIFICATE

Pursuant to Section 268 of the *Fair Work (Registered Organisations) Act 2009*, I, Dave Noonan certify that the auditor's report, accounts and statements of the above named Divisional Branch for the year ended 31 December, 2012, annexed hereto and provided to members on 21 March 2013 are copies of the documents presented to the meeting of the Divisional Branch Management Committee on 25 June 2013.

Dave Noonan
National Secretary
CFMEU
Construction & General Division

27/6/13

Date

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Financial Statements

For the Year Ended 31 December 2012

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Operating Report

31 December 2012

The Divisional Executive of the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") present this Operating Report on the Union for the financial year ended 31 December 2012.

Divisional Executive

The names of Divisional Executive in office at any time during the year are:

Name	Position	Period of Appointment
Dave Noonan	Divisional Secretary	1/1/12 to 31/12/12
Tommy Watson	Divisional President	1/1/12 to 15/6/12
Peter McClelland	Divisional Senior Vice-President	1/1/12 to 7/3/12
Rita Mallia	Divisional Senior Vice-President	7/3/12 to 31/12/12
	Divisional Executive Member	1/1/12 to 7/3/12
Joe McDonald	Divisional Senior Vice-President	1/1/12 to 31/12/12
John Setka	Divisional Senior Vice-President	1/1/12 to 31/12/12
Keith Murphy	Divisional Senior Vice-President	1/1/12 to 31/12/12
Brian Fitzpatrick	Divisional Vice President	7/3/12 to 31/12/12
	Divisional Executive Member	1/1/12 to 7/3/12
Greg Simcoe	Divisional Vice President	1/1/12 to 7/3/12
Joseph Myles	Divisional Vice President	7/3/12 to 31/12/12
Elias Spornovasilis	Divisional Vice President	1/1/12 to 31/12/12
Ralph Edwards	Divisional Vice President	1/1/12 to 31/12/12
Noel Washington	Divisional Vice President	1/1/12 to 31/12/12
Peter Close	Divisional Vice President	1/1/12 to 31/12/12
Frank O'Grady	Divisional Assistant Secretary	1/1/12 to 31/12/12
Lindsay Fraser	Divisional Assistant Secretary	1/1/12 to 31/12/12
Brian Parker	Divisional Executive Member	7/3/12 to 31/12/12
	Divisional Vice President	1/1/12 to 7/3/12
Darren Roberts	Divisional Executive Member	3/9/12 to 31/12/12
Dean Hall	Divisional Executive Member	1/1/12 to 31/12/12
Steve Roach	Divisional Executive Member	1/1/12 to 31/12/12
Dave Hanna	Divisional Executive Member	1/1/12 to 31/12/12
Michael Ravbar	Divisional Executive Member	1/1/12 to 31/12/12
Martin O'Malley	Divisional Executive Member	1/1/12 to 1/7/12
Aaron Cartledge	Divisional Executive Member	1/7/12 to 31/12/12
Bill Oliver	Divisional Executive Member	1/1/12 to 31/12/12
Michael Buchan	Divisional Executive Member	1/1/12 to 31/12/12
Jason O'Mara	Divisional Executive Member	1/1/12 to 31/12/12
Rebel Hanlon	Additional Divisional Executive Member - NSW	7/3/12 to 31/12/12
Rob Kera	Additional Divisional Executive Member - NSW	7/3/12 to 18/6/12
John Prentice	Additional Divisional Executive Member - NSW	18/6/12 to 31/12/12
Cam McCullough	Additional Divisional Executive Member - WA	1/1/12 to 31/12/12

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Operating Report

31 December 2012

Principal activities

The principal activities of the Union during the financial year were:

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- Organising Executive Meetings and Divisional Conferences as well as National Safety Officer Meetings.
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Co-ordinating seminars / education courses for Branch Officers to inform them of current developments or to seek collective input in the development of national policies.
- Representing the Division's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. Divisional Office also advises Branches on industrial matters.
- Provision to Branches with economic and industrial research.
- Provision to Branches of assistance with administration and financial management.
- Provision to Branches of a National Library including information service / library through an electronic data base.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Providing prime responsibility of initiating and leading the conduct of legal action launched in defence of the Division's constitutional work.
- Providing a National Computer Department to service each Branch and Divisional Office.
- Provision of National Publicity Services in respect of the national newspaper, safety newsletter and various brochures on industrial issues, media issues etc
- Provision of a National Training Agenda by representing the Union on various Boards and Committees.

Results of activities

The loss of the Union amounted to \$ (172,598) (2011: \$ (62,878)).

Significant changes in nature of activities

There were no significant changes in the nature of activities of the Union during the year.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Union during the year.

Membership of the Union

There were 70,255 financial members of the Union as at 31 December 2012.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Operating Report

31 December 2012

Rights of members to resign

All members of the Union have the right to resign in accordance with Rule 11 of the Union Rules (and section 174 of the Fair Work (Registered Organisations) Act 2009).

Employees of the Union

As at 31 December 2012 the Union employed 14 full time and 1 part time employee.

Superannuation trustees

Mr Dave Noonan is the Divisional Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus. He is also a Director of C Bus Property Pty Ltd.

Mr Frank O'Grady is a Divisional Assistant Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Ms Rita Mallia is a Divisional Senior Vice President of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Gregory Simcoe was a Divisional Vice President of the Union, he held that position until 7 March 2012 and is a director of BUSS (Queensland) Pty Ltd which acts as Trustee of BUSS[Q].

No other officer or member of the Union acts:

- i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- ii) as a director of a Company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

DAVE NOONAN
Divisional Secretary



Dated 19 March 2013

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Divisional Executive Statement

On 19th March 2013, the Divisional Executive of Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union"), passed the following resolution in relation to the general purpose financial report (GPFR) of the Union, for the financial year ended 31 December 2012:

The Divisional Executive declares in relation to the GPFR that in its opinion:

- (a) The financial statements and notes comply with Australian Accounting Standards; and
- (b) The financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia (the "General Manager"); and
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year to which they relate; and
- (d) There are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year to which the GPFR relates and since the end of that year:-
 - i) Meetings of the Divisional Executive were held in accordance with the rules of the Union; and
 - ii) The financial affairs of the Union have been managed in accordance with the rules of the Union; and
 - iii) The financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; and
 - iv) No information has been sought in any request of a member of the Union or by the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - v) No orders for inspection of financial records have been made by Fair Work Australia or FWA under section 273 of the Fair Work (Registered Organisations) Act 2009; and
- (f) During the financial year ended 31 December 2011 no recovery of wages activities have been undertaken by the Union.

Signed for and on behalf of the Divisional Executive by:



DAVE NOONAN
Divisional Secretary



LINDSAY FRASER
Divisional Assistant Secretary

Dated 19 March 2013

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Statement of Comprehensive Income

For the Year Ended 31 December 2012

	Note	2012 \$	2011 \$
Revenue	2	3,918,699	3,727,715
Other revenue	2	209,691	207,855
Employee benefits expense		(1,934,772)	(1,735,456)
Depreciation and amortisation expense		(239,981)	(236,096)
Donation expense		(51,000)	(14,665)
Legal fees		(33,780)	(4,930)
Other expenses		(2,268,087)	(2,007,301)
Operating result before non-operating income		(399,230)	(62,878)
Non-operating income			
Reversal of impairment loss on non-financial assets		226,632	-
Result for the year		(172,598)	(62,878)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(172,598)	(62,878)

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Balance Sheet

As At 31 December 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	631,856	857,369
Trade and other receivables	5	338,312	991,477
Other financial assets	7	2,822,086	2,279,424
Other assets	8	148,633	70,507
TOTAL CURRENT ASSETS		3,940,887	4,198,777
NON-CURRENT ASSETS			
Trade and other receivables	5	44,750	44,750
Property, plant and equipment	9	3,876,578	3,827,889
TOTAL NON-CURRENT ASSETS		3,921,328	3,872,639
TOTAL ASSETS		7,862,215	8,071,416
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	328,199	542,526
Employee benefits	11	892,059	772,926
Other liabilities		52,500	-
TOTAL CURRENT LIABILITIES		1,272,758	1,315,452
NON-CURRENT LIABILITIES			
Employee benefits	11	53,740	47,649
TOTAL NON-CURRENT LIABILITIES		53,740	47,649
TOTAL LIABILITIES		1,326,498	1,363,101
NET ASSETS		6,535,717	6,708,315
EQUITY			
Retained earnings		6,535,717	6,708,315
TOTAL EQUITY		6,535,717	6,708,315

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Statement of Changes in Equity

For the Year Ended 31 December 2012

	Retained Earnings	
	2012	2011
	\$	\$
Balance at 1 January	6,708,315	6,771,193
Result for the year	<u>(172,598)</u>	<u>(62,878)</u>
Balance at 31 December	<u>6,535,717</u>	<u>6,708,315</u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Statement of Cash Flows

For the Year Ended 31 December 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Membership levies		4,389,389	3,928,749
Payments to suppliers and employees		(4,902,642)	(4,143,758)
Interest received		167,993	181,221
Other receipts		731,714	603,779
Net cash provided by (used in) operating activities	12	<u>386,454</u>	<u>569,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		34,546	7,728
Purchase of property, plant and equipment		(103,851)	(175,404)
Purchase of investments		(542,662)	(148,480)
Net cash used by investing activities		<u>(611,967)</u>	<u>(316,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) increase in cash and cash equivalents held		(225,513)	253,835
Cash and cash equivalents at beginning of year		857,369	603,534
Cash and cash equivalents at end of financial year	4	<u>631,856</u>	<u>857,369</u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

The financial statements are for Construction Forestry Mining and Energy Union, Construction and General Division – National Office as a not-for-profit individual entity. The Union is an organisation of employees registered under the Fair Work (Registered Organisation) Act 2009 (“the RO Act”). In accordance with the RO Act, the Union is a body corporate and has perpetual succession, by virtue of this method of incorporation, the Union is not subject to the Corporations Act 2001.

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are a general purpose financial statements that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the requirements imposed by the Reporting Guidelines of Part 3 of Chapter 8 of the RO Act.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Revenue and other income

Revenue from membership contributions are recognised on an accruals basis, which is reflective of the timing and nature of the benefits provided to members.

The Union recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Construction Forestry Mining and Energy Union, Construction and General Division – National Office's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(b) Revenue and other income (Continued)

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Union commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Office Furniture and Fittings	10 - 20%
Motor Vehicles	20%
Computer Equipment	20 - 30%

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(c) Property, plant and equipment (Continued)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Union are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Union will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Union commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Union does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(e) Financial Instruments (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Union sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Union has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(e) Financial Instruments (Continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Union assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(f) Impairment of non-financial assets

At the end of each reporting year, the Union reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Contributions are made by the Union to an employee superannuation fund and are charged as expenses when incurred.

(h) Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Income tax

No provision for income tax has been raised as the Union is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(l) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Union during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical accounting estimates and judgments

The Divisional Executive evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

1: Summary of Significant Accounting Policies (Continued)

(o) Critical accounting estimates and judgments (Continued)

Key estimates

The Union assesses impairment at each reporting period by evaluation of conditions specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are measure using value-in-use calculations which incorporate various key assumptions

2. Revenue and Other Income

	2012	2011
	\$	\$
Revenue		
- Member subscriptions	3,392,265	3,281,233
- Meetings and conferences	-	2,093
- Attendance fees	243,900	154,897
- Computer costs reimbursed	7,403	5,837
- Wage reimbursements	17,285	16,628
- Darwin associated costs reimbursed	3,563	162,027
- Advertising revenue	95,000	40,000
- Donations	50,000	-
- Divisional conference sponsorship	13,636	65,000
- Legal fee recoveries	95,647	-
	<u>3,918,699</u>	<u>3,727,715</u>
Other revenue		
- Interest income	177,401	165,494
- Rental income	32,290	42,361
	<u>209,691</u>	<u>207,855</u>
Total Revenue	<u>4,128,390</u>	<u>3,935,570</u>
Other Income		
Reversal of impairment loss on non-financial assets	226,632	-
Total Revenue and Other Income	<u>4,355,022</u>	<u>3,935,570</u>

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

3. Result for the Year

(a) Expenses

	2012	2011
	\$	\$
Loss on disposal of assets	7,272	811

(b) Significant Revenue Items

Reversal of impairment loss on non-financial assets	226,632	-
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4. Cash and Cash Equivalents

	2012	2011
	\$	\$
Cash on hand	1,554	1,554
Cash at bank	44,686	261,561
Deposits at call	585,616	594,254
	<u>631,856</u>	<u>857,369</u>

5. Trade and Other Receivables

CURRENT

Amounts due from Branches - Membership levies	6	265,190	870,587
Other receivables		73,122	120,890
Total current trade and other receivables		<u>338,312</u>	<u>991,477</u>

NON-CURRENT

Loans to related parties		44,750	44,750
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Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

6. Amounts Due from Branches - Membership Levies (inc GST)

	Balance Owing 31/12/11	ADD: Amounts Charged	LESS: Cash Received	Balance Owing 31/12/12
New South Wales	334,065	717,189	(1,014,366)	36,888
Victoria	352,257	1,429,988	(1,805,257)	(23,012)
Queensland	93,944	507,569	(551,484)	50,029
South Australia	5,552	129,296	(125,797)	9,051
Western Australia	27,794	626,930	(510,254)	144,470
Tasmania	(3,264)	18,495	(14,104)	1,127
Australian Capital Territory	17,920	91,714	(95,427)	14,207
Queensland Labourers	42,319	210,310	(220,199)	32,430
TOTAL	870,587	3,731,491	(4,336,888)	265,190

The amount of GST included in the "Amounts Charged" is \$339,042 (2011: \$328,123)

7. Other Financial Assets

	2012 \$	2011 \$
CURRENT		
Held-to-maturity financial assets	2,822,086	2,279,424

8. Other Assets

	2012	2011
CURRENT		
Prepayments	125,700	56,982
Accrued income	22,933	13,525
	148,633	70,507

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

9. Property, Plant and Equipment

	2012	2011
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	250,000	250,000
Building		
At cost	4,953,685	4,946,140
Accumulated depreciation	(1,087,599)	(958,359)
Provision for impairment	(476,123)	(702,755)
Total buildings	3,389,963	3,285,026
Total land and buildings	3,639,963	3,535,026
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	100,493	158,596
Accumulated depreciation	(31,652)	(139,135)
Total furniture, fixture and fittings	68,841	19,461
Motor vehicles		
At cost	88,998	132,745
Accumulated depreciation	(35,301)	(23,781)
Total motor vehicles	53,697	108,964
Computer equipment		
At cost	324,841	429,555
Accumulated depreciation	(210,764)	(265,117)
Total computer equipment	114,077	164,438
Total plant and equipment	236,615	292,863
Total property, plant and equipment	3,876,578	3,827,889

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

9. Property, Plant and Equipment (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$
Balance at 31 December 2012					
Balance at the beginning of year	3,535,026	19,461	108,964	164,438	3,827,889
Additions	7,545	61,688	-	34,616	103,849
Disposals - written down value	-	(5,617)	(36,200)	-	(41,817)
Depreciation expense	(129,240)	(6,691)	(19,067)	(84,977)	(239,975)
Reversal of impairment loss	226,632	-	-	-	226,632
Balance at 31 December 2012	3,639,963	68,841	53,697	114,077	3,876,578

(b) Provision for Impairment

As at 31 December 2008, the Union recognised an impairment loss of \$702,755 against the property situated at 276 Pitt Street Sydney.

A recent independent valuation of this property was sought in respect of the 31 December 2012 financial year-end. The valuation, effective 19 February 2013, indicated that the current market value of the property for financial reporting purposes was \$3,150,000. This is \$226,632 more than the carrying value as at 31 December 2012, resulting in the part reversal of this previous impairment loss.

10. Trade and Other Payables

	2012	2011
	\$	\$
CURRENT		
Trade payables	110,388	109,108
Sundry payables and accrued expenses	217,811	433,418
	328,199	542,526

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

10. Trade and Other Payables (Continued)

Included in the above are the following superannuation amounts payable as at balance date:

	Note	2012 \$	2011 \$
Officers		4,356	3,433
All other employees		14,182	10,052
		<u>18,538</u>	<u>13,485</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

- total current

328,199 542,526

Financial liabilities as trade and other payables

15. 328,199 542,526

11. Employee Benefits

CURRENT

Long service leave

464,693 389,738

Provision for employee benefits

427,366 383,188

892,059 772,926

NON-CURRENT

Long service leave

53,740 47,649

(a) Employee benefits attributable to:

Office Holders

329,597 271,597

Staff

616,202 548,978

945,799 820,575

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

12. Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2012	2011
	\$	\$
Profit for the year	(172,598)	(62,878)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	239,975	236,096
- write-back of impairment provision	(226,632)	-
- net loss on disposal of property, plant and equipment	7,272	811
Changes in assets and liabilities:		
- (increase)/decrease in amounts due from Branches	605,397	319,393
- (increase)/decrease in trade and other receivables	38,360	33,817
- (increase)/decrease in other assets	(68,718)	6,349
- increase/(decrease) in trade and other payables	(214,327)	(14,966)
- increase/(decrease) in provisions	125,225	51,369
- increase/(decrease) in subs in advance	52,500	-
Cashflow from operations	<u>386,454</u>	<u>569,991</u>

13. Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Union is \$ 482,598 (2011: \$ 437,019).

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

14. Related Party Information

(a) Members of the Divisional Executive

Persons holding executive positions within the Union and as members of the Divisional Executive during the year:

Dave Noonan (Divisional Secretary)	Greg Simcoe (Divisional Vice President)
Tommy Watson (Divisional President)	Joseph Myles (Divisional Vice President)
Peter McClelland (Divisional Senior Vice President)	Elias Spornovasilis (Divisional Vice President)
Rita Mallia (Divisional Senior Vice President)	Ralph Edwards (Divisional Vice President)
Keith Murphy (Divisional Senior Vice President)	Noel Washington (Divisional Vice President)
John Setka (Divisional Senior Vice President)	Peter Close (Divisional Vice President)
Joseph McDonald (Divisional Senior Vice President)	Lindsay Fraser (Divisional Assistant Secretary)
Brian Fitzpatrick (Divisional Vice President)	Frank O'Grady (Divisional Assistant Secretary)

Persons appointed and holding honorary positions as members of the Divisional Executive for the financial year:

Brian Parker	Michael Ravbar	Jason O'Mara
Darren Roberts	Martin O'Malley	Rebel Hanlon
Dean Hall	Aaron Cartledge	Rob Kera
Steve Roach	Bill Oliver	John Prentice
Dave Hanna	Michael Buchan	Cam McCullough

Refer to the Operating Report for details of change of appointment dates and positions.

(b) Related Party Transactions

Other related parties

- i) Capitation fees totalling \$677,631 (2011: \$620,620) were paid to the Construction, Forestry, Mining and Energy Union during the year.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

14. Related Party Information (Continued)

(b) Related Party Transactions (Continued)

ii) Membership Levies (sustentation fees) were charged (excluding GST) to the following branches during the 2012 and 2011 years:-

	2012	2011
	\$	\$
New South Wales	651,991	614,661
Victoria	1,299,989	1,320,234
Queensland	461,426	392,384
South Australia	117,542	99,624
Western Australia	569,936	546,745
Tasmania	16,813	31,578
Australian Capital Territory	83,377	79,765
Queensland Labourers	191,191	196,242
	<u>3,392,265</u>	<u>3,281,233</u>

iii) An amount of \$32,290 (2011: \$25,135) was received from Construction, Forestry, Mining and Energy Union, Construction and General Division, New South Wales Divisional Branch during the year, for costs associated with occupying the Union premises.

iv) During the year the Union has incurred expenditures associated with the continued operation of the Darwin Branch. The Union has received an amount of \$530 (2011: \$37,689) from the branches and divisions of the CFMEU to reimburse the Union these costs incurred.

v) During the 2012 year a \$50,000 donation was received from from Construction, Forestry, Mining and Energy Union, Queensland Divisional Branch (2011: Nil)

vi) During the 2011 year \$17,226 was received from Construction, Forestry, Mining and Energy Union, National Office during the year, for costs associated with occupying the Union premises.

vii) From time to time the Union makes expenditures which relate to itself as well as other branches and divisions of the CFMEU. These expenditures are then reimbursed to the Union at cost hence they are not considered to be related party transactions.

(c) Related Party Balances

i) As at balance date, membership levies due from the branches was \$265,190 (2011: \$870,587); refer Note 6.

ii) As at balance date there was a loan of \$44,750 advanced to Construction, Forestry, Mining and Energy Union, Construction and General Division, South Australian Divisional Branch (2011: \$44,750).

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

15. Financial Risk Management

The main risks Construction Forestry Mining and Energy Union, Construction and General Division – National Office is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk. The Union's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2012	2011
Note	\$	\$
Financial Assets		
Cash and cash equivalents	631,856	857,369
Held-to-maturity investments	2,822,086	2,279,424
Trade and other receivables	383,062	1,036,227
Total financial assets	3,837,004	4,173,020
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	328,199	542,526
Total financial liabilities	328,199	542,526

Net fair values

The fair values of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the financial statements. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

16. Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

	2012	2011
	\$	\$
Contingent Liabilities		
The Union has provided a guarantee to its bankers in relation to a banking facility	51,000	51,000

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

17. Events after the end of the Reporting Period

- (a) No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect:
- (i) the operations of the Union;
 - (ii) the results of those operations; or
 - (iii) the state of affairs of the Union, in subsequent financial years.
- (b) The financial report was authorised for issue on 19 March 2013 by the Divisional Executive.

18. Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2012	2011
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	164,352	-
- between 1 year and 5 years	164,352	-
- greater than 5 years	479,548	-
	<u>808,252</u>	<u>-</u>

The Union has a lease for the premises it occupies at Level 9, 215-217 Clarence Street Sydney. The term of the lease is 5 years and expires on 30 November 2017.

19. Information to be Provided to Members or Registrar

In accordance with the requirements of subsection 272(5) of the RO Act, attention is drawn to the requirements of subsections (1), (2) and (3) of section 272 of the RO Act, which reads as follows:-

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Notes to the Financial Statements

For the Year Ended 31 December 2012

20. Additional Disclosures Required under the Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of section 255 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act"), the following necessary disclosures are made:

	2012	2011
	\$	\$
PROFIT AND LOSS DISCLOSURES		
Items of Revenue		
Entrance fees or periodic subscriptions in respect of membership of the organisation	3,392,265	3,281,233
Donations or grants	50,000	-
Compulsory levies raised from the members or as appeals for voluntary contributions for the furtherance of particular purposes	-	-
Items of Expense		
Expenses incurred as consideration for employers making payroll deductions of membership subscriptions	-	-
Proportion of entrance fees paid contributed towards the administrative expenses of another union	-	-
Fees and periodic subscriptions in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters	65,060	65,060
Compulsory levies imposed on the Union	677,631	620,620
Grants or donations	51,000	14,665
Employee benefits to:		
- Holders of office	359,820	336,487
- Employees (other than holders of office)	1,094,160	1,039,999
	<u>1,453,980</u>	<u>1,376,486</u>
Legal costs and other expenses related to litigation or other legal matters	33,780	4,930
Fees or allowances to persons in respect of their attendance as representatives of the Union at conferences or other meetings	-	-
Expenses incurred in connection with meetings of members of the Union and any conferences or meeting of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible	184,767	258,592
Penalties imposed on the Union under the Act or Regulations	-	-

Independent Audit Report to the members of Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Report on the Financial Report

We have audited the accompanying financial report of Construction Forestry Mining and Energy Union, Construction and General Division – National Office, which comprises the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the divisional executive statement.

Divisional Executive's Responsibility for the Financial Report

The Union's Divisional Executive are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the 'RO Act') and for such internal control as the Union's Divisional Executive determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Union's Divisional Executives, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.



Daley & Co
chartered accountants

Integrated Financial Solutions

Independent Audit Report to the members of Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Opinion

In our opinion the financial report of Construction Forestry Mining and Energy Union, Construction and General Division – National Office, as at 31 December 2012 and for the year then ended, is presented fairly in accordance with:

- (a) Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations); and
- (b) The Fair Work (Registered Organisations) Act 2009 (the 'RO Act'), including the requirements imposed by Part 3 of Chapter 8 of the RO Act.

Daley & Co.

Daley & Co
Chartered Accountants

Michael Mungt

Michael Mungt
Partner

19 March 2013
Wollongong

Liability limited by a scheme approved under Professional Standards Legislation



FAIR WORK
COMMISSION

18 January 2013

Mr David Noonan
Divisional Secretary - C&G Division
Construction, Forestry, Mining and Energy Union-Construction and General Division
Sent by email: queries@fed.cfmeu.asn.au

Dear Mr Noonan,

Re: Lodgement of Financial Report - [FR2012/537]
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to orgs@fwc.gov.au. If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).		
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.